



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Authorization to Initiate Procurement Card Pilot Program

**MEETING DATE:** February 19, 1997

**SUBMITTED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council adopt the attached resolution authorizing participation in the State Department of General Services' CAL-Card program, and authorize staff to initiate a one-year pilot program to implement and evaluate the limited use of the CAL-Card procurement card within the Finance Department's Purchasing Division.

**BACKGROUND INFORMATION:** In 1992, the State of California Department of General Services launched an 18-month pilot project to evaluate the costs and potential benefits of a purchase card program.

By January, 1994, six state agencies were participating in the program, and over 1,200 cards were in use. Since then, the state's CAL-Card program has been expanded to involve over 100 state and local agencies, including 25 cities throughout California.

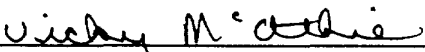
Some of the more obvious benefits are a reduction in the number of purchase orders to be typed and the number of checks to be processed. As a result of these efficiencies, the cost per transaction can also be reduced (the State estimates a savings of \$24.49 per transaction in administrative costs alone).

Other benefits include the ability to place a *limit* on both the dollar amount and the type of business where the card can be used, as well as the ability to designate specifically the persons authorized to purchase on behalf of the City. In addition, regular management reports provided by the card issuer can improve the level of management control over purchase activity.

The CAL-Card program provides a VISA card issued by Colorado National Bank/Rocky Mountain Bank Card System through the State's Master Service Agreement for the CAL-Card program. There is no annual membership fee; the cost to the City would be 1/10 of 1% of the value of all purchase card transactions, payable to the State.


Initially, one card would be provided to the Purchasing Officer, and use of the card would be limited to purchases of \$500 or less. Assuming the cost/benefit profile resembles State results, staff expects to come back to the Council within a year to recommend expanding the use of the CAL-Card to other departments.

**FUNDING:** Costs involved in the pilot program would be absorbed by the Purchasing Division. Estimated one-year cost (assuming \$60,000 in purchases) would be \$60.

  
Vicky McAthie, Finance Director

Prepared by Joel Harris, Purchasing Officer

APPROVED: \_\_\_\_\_

  
H. DIXON FLYNN  
City Manager

RESOLUTION NO. 97-20

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING AUTHORIZATION TO INITIATE PROCUREMENT  
CARD PILOT PROGRAM

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WHEREAS, in 1992, the State of California Department of General Services launched an 18-month pilot project to evaluate the costs and potential benefits of a purchase card program; and

WHEREAS, by January 1994, six state agencies were participating in the program, with over 1,200 cards in use; and

WHEREAS, the State's CAL-Card program has expanded to involve over 100 state and local agencies, including 24 cities throughout California; and

WHEREAS, some of the more obvious benefits of the program are reduction in the number of purchase orders issued, the number of checks to be processed, the ability to place a limit on both the dollar amount and the type of business where the card can be used, as well as the ability to designate specifically the persons authorized to purchase on behalf of the City, and in addition, regular management reports provided by the card issuer can improve the level of management control over purchase activity; and

WHEREAS, the CAL-Card program provides a VISA card issued by Colorado National Bank/Rocky Mountain Bank Card System through the State's Master Service Agreement for the CAL-Card program; and

WHEREAS, initially one card would be provided to the Purchasing Officer, and purchases would be limited to purchases of \$500.00 or less; and

WHEREAS, assuming the cost/benefit profile resembles State results, staff expects to come back to the Council within a year to recommend expanding the use of the CAL-Card to other departments.

NOW THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize staff to participate in the State Department of General Services' CAL-Card program, and hereby authorizes staff to initiate a one-year pilot program to implement and evaluate the limited use of the CAL-Card procurement card within the Finance Department's Purchasing Division.

Dated: February 19, 1997

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I hereby certify that Resolution No. 97-20 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 19, 1997 by the following vote:

AYES: Council Members -

NOES: Council Members -

ABSENT: Council Members -

ABSTAIN: Council Members -

JENNIFER M. PERRIN  
City Clerk